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DIA, OSD and DOS review(s) completed.

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GENERAL

1. Soviet military situation in Rumania--US Delegation ACC Bucharest has investigated reports of Soviet Army activity in Rumania (see Daily Summary of 6 September, item 9) and has concluded that (a) the supply level in Rumania is not sufficient for offensive action; (b) the buildup of air forces is a defensive measure; (c) ground force activity has consisted of training green troops and developing mechanized and motorized techniques; (d) the third stage of demobilization was continued until 1 September, but has left a large potential of combat-trained civilians in the country; and (e) recent activity has been chiefly a war of nerves.
2. War Department orders daily report on US flights near Yugoslavia--In view of Yugoslav claims of continued violations of the Yugoslav border, the War Department has requested Commanding General US Air Forces European Theatre to submit a daily report on all flights of US aircraft routed within 50 miles of Yugoslav territory.
3. Albania may offer to acknowledge treaties with US--The Albanian Delegation to UN has indicated unofficially to a member of the State Department his belief that the Albanian Government may now be prepared to recognize the validity of all treaties and agreements between the US and Albania. (The failure of the present Albanian regime to confirm the validity of existing US-Albanian agreements has been the chief obstacle to US diplomatic recognition and support for Albania's admission to UN; see Daily Summary of 20 August, item 4.)
4. British oppose liquidation of Bank for International Settlements--Foreign Minister Bevin, in a letter to Secretary Byrnes, has expressed his opposition to immediate liquidation of the Bank for International Settlements in Basel. Bevin believes that the bank offers a "window" into central and eastern Europe and asserts that finance officials from these areas have "unobtrusively" approached the Bank since the end of the war to discuss their problems.
5. Jewish charges against British in Palestine believed exaggerated--US Consul General Jerusalem believes that Jewish report of excesses by British troops during searches of Jewish settlements are grossly exaggerated. He believes that in some cases British soldiers may have exceeded orders and broken discipline, but observes that charges of insulting behavior are applicable equally to soldiers and settlers.

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6. Small arms being sent from Czechoslovakia to Palestine--US Military Attache Prague has received a report, which he regards as "probably true," that small arms and ammunition are being sent from Czechoslovak plants, via Yugoslavia to Palestine.

EUROPE

7. USSR: Soviet intellectual says purge worse than 1937--According to US Embassy Moscow, a prominent Soviet intellectual has told Alexander Werth, the British correspondent, that he regards the present purge, because of its ideological rather than political nature, as more disturbing and far-reaching than that of 1937.

Embassy comments on Tank Day celebration--US Charge Durbrow in Moscow believes that the unusually elaborate Tank Day celebration on 8 September reflected the Kremlin's concern over civilian morale.

British Labor Party Secretary comments on Moscow visit--Morgan Phillips, Secretary of the British Labor Party, has given Ambassador Harriman the following impressions of his recent visit to the USSR: (a) Soviet officials evaded all attempts to discuss fundamental issues; (b) Stalin and others seemed obsessed by fear that reactionary governments would return to power in other countries, including Britain; (c) Stalin showed keen interest in, but shocking ignorance of British economic policy and seemed deeply concerned over Soviet economic problems; (d) Molotov, whose picture is prominently displayed along with those of Lenin and Stalin, seems favored as Stalin's successor; and (e) the efforts of the Soviet Foreign Office to build up its British Commonwealth department appears to foreshadow an intensified attack on British Empire policy.

8. POLAND: Danger of Peasant and Socialist Party liquidation--Phillips also told Harriman of Polish Socialist fears that, unless Mikolajczyk agrees to a single electoral list, the Peasant Party will be in "grave danger" of liquidation and the Socialists will be "next in line." Phillips emphasized the danger of civil war if an "out-and-out" Communist Government were put in power by the Soviet Army.

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Mikolajczyk's views on elections--Mikolajczyk has told US Minister Marvel in Copenhagen of his belief that, despite the recent death or disappearance of 60 Peasant Party workers, the Communists will be unable to manipulate the November elections without "giving their hand away." Mikolajczyk said that the situation would "become critical" when UNRRA aid ceases and that it may become impossible to restrain impatient elements from overt action against the Communists.

9. FRANCE: French Communists support North African Nationalists--Caffery reports that the French Communist Party now openly supports the North African Nationalist movement. The Communists explain this change on the ground that the present status of these colonies is immaterial since in the long run France and all Mediterranean countries will be "free" under the "aegis of Mother Russia."

NEAR EAST-AFRICA

10. MOROCCO: Air demonstration by the ROOSEVELT not recommended--According to US Assistant Naval Attache Casablanca, the US Consul General opposes an air demonstration by planes of the ROOSEVELT, because such a demonstration might overshadow the recent visit of the French battleship RICHELIEU and carrier COLOSSUS and thus have an effect "opposite to that desired."

FAR EAST

11. INDIA: Congress views on Jinnah--According to US Commissioner Merrell, a high Congress official believes that Jinnah feels his position to be strong because (a) some British officials still are using him as a brake on the Congress Government; (b) the British must offset the possibility of the USSR moving into the Middle East by gaining the good will of Indian Moslems; and (c) Congress dare not arrest him for fear of making him a martyr. This official declared that Congress, in order to gain independence as soon as possible, should be willing to make even unreasonable concessions to the Moslems.

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12. N.E.I.: British troops to withdraw on 30 November--US Naval Liaison Officer Batavia reports that the British are "definitely making plans" to withdraw their forces from Indonesia by 30 November without regard to the state of Dutch-Indonesian negotiations at that time. He further reports that Indonesian Republican sources regard a colonial war as inevitable if the British forces transfer their equipment to the Dutch.
13. KOREA: Soviet troop movement in North Korea--General Hodge reports that presently available evidence is not sufficient to confirm any substantial withdrawal of Soviet troops from North Korea,

THE AMERICAS

14. CHILE: Communists to receive two posts--US Military Attache Santiago reports Radical Party candidate Gonzalez Videla, who is expected to be Chile's next President, has stated that Communists will receive two Cabinet posts. The present Chilean Foreign Minister has told US Ambassador Bowers that any Communist ministers Gonzalez may name will soon be forced out of the Government.
15. ECUADOR: Talara reports may prejudice Galapagos agreement--US Ambassador Scotten reports that implications in the Quito press that the Talara air base will soon be returned to Peru may have a "disastrous" effect upon the Ecuadoran Assembly's deliberations concerning the future of Galapagos base.

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